

AGENDA
of the
BOARD OF DIRECTORS
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
550 Olive Street, Santa Barbara, CA 93101
Tuesday, July 20, 2004
8:30 a.m.

1. **Call to Order**
2. **Roll Call of the Board of Directors**
Chair John Britton; Vice Chair Olivia Rodriguez; Secretary Brian Fahnestock; and Directors: David Davis and Lee Moldaver
3. **Report Regarding Posting of Agenda**
4. **Approval of Prior Minutes (action may be taken)**
The Board will be asked to waive the reading of and approve the minutes for the meeting of July 6, 2004.
5. **Cash Report (action may be taken-attachment)**
The Board will be asked to approve the cash report from June 29 through July 12, 2004
6. **Public Comment**
Members of the public may address the Board on items within the jurisdiction of the Board that are not scheduled for public hearing. The time allotted per speaker will be at the discretion of the Board Chair. If you wish to address the Board under this item number, please complete and deliver to the MTD Board Clerk **before the meeting is convened**, a "Request to Speak" form including a description of the subject you wish to address.
7. **TDA Triennial Performance Audit (action may be taken-attachment)**
Board will be asked to accept performance audit.
8. **General Manager's Report (attachment)**
 - a. SCTP
 - b. Casual Friday uniform
 - c. New employee
 - d. Schedule: Vision workshops
9. **Other Business and Committee Reports**
Board members will report on other business related to MTD.
10. **Closed Session**
The board will hold a closed session pursuant to Government Code §54956.9 to discuss potential litigation involving Gibson Environmental Site, Bakersfield, CA., and pursuant to Government Code §54957.6, to discuss labor negotiations with labor negotiators Sherrie Fisher and Jerry Estrada.
11. **Adjournment**

SPEAKERS: Any person wishing to speak to an item on the Agenda should complete and deliver to the Board Clerk a "Request to Speak" form **before the meeting is convened**. The Chair may limit the time allowed to speak.

AMERICANS WITH DISABILITIES ACT: If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 963-3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.

Santa Barbara Metropolitan Transit District
Cash Report
Board Meeting of July 20, 2004
For the Period June 29, 2004 through July 12, 2004

MONEY MARKET

Beginning	June 29, 2004	\$2,102,920.98
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SB-325 (LTF)	539,470.92	
Accounts Receivable	170,952.58	
Passenger Fares	152,902.11	
Property Tax Revenue	32,531.84	
Miscellaneous	2,754.68	
Interest Income	2,112.35	
Total Deposits		900,724.48

Bank Fee - June 04	(4,777.94)	
ACH Pensions Transfer	(23,486.78)	
Workers Comp Trf June	(76,426.39)	
ACH Tax Deposit	(90,554.16)	
Operations Transfer	(130,560.79)	
Payroll Transfer	(215,158.79)	
Total Disbursements		(540,964.85)

Ending Balance	\$2,462,680.61
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Total Cash and Investments as July 12, 2004:	\$2,462,680.61
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COMPOSITION OF CASH BALANCE

Working Capital	1,297,328.39	
WC / Liability Reserves	1,165,352.22	
Total Cash Balance		\$2,462,680.61

Santa Barbara Metropolitan Transit District Accounts Payable

Check	Date	Company	Description	Amount	Voids
	7/1/2004	A.G.S. REBUILDERS, INC.	BUS PARTS	165.94	
	7/1/2004	AT&T	TELEPHONES	1,586.27	
	7/1/2004	APTA - MEETINGS DEPARTMENT	MARKETING PROGRAMS	5,000.00	
	7/1/2004	ASPEN PUBLISHERS, INC.	SUBSCRIPTION	216.40	
	7/1/2004	BLACK GOLD INDUSTRIES	OIL/ATF RECYCLING	58.00	
	7/1/2004	BOWMAN DISTRIBUTION	SHOP SUPPLIES	331.27	
	7/1/2004	CALIFORNIA ELECTRIC SUPPLY,	BUS PARTS & B&G SUPPLIES	159.52	
	7/1/2004	CARDONA, MIKE	PER DIEM & REIMBURSEMENT	534.62	
	7/1/2004	CAR PARTS OF SANTA BARBARA	BUS PARTS/REPAIRS & SUPPLIES	269.46	
	7/1/2004	CITY OF SANTA BARBARA	ALARM RESPONSE	50.00	
	7/1/2004	CENTRAL COAST CIRCULATION	BUS BOOK DISTRIBUTION	365.00	
	7/1/2004	CHANNEL CITY ENGINEERING DBA	VENDOR BUS REPAIRS	140.00	
	7/1/2004	COAST MACHINE & SUPPLY, INC.	BUS PARTS	617.20	
	7/1/2004	COAST CLUTCH & BRAKE DBA	VENDOR BUS REPAIRS	28.00	
	7/1/2004	CINTAS	FIRST AID SUPPLIES	68.21	
	7/1/2004	COVERALL OF MID-STATE CALIF.	JANITORIAL SUPPLIES	219.20	
	7/1/2004	CITY OF SB - CITY TV	VIDEO TAPE BOARD MEETINGS	353.00	
	7/1/2004	BP DAVIS MANAGEMENT	CONTRACT LABOR	6,918.75	
	7/1/2004	DILLINGHAM TICKET CO.	BUS INSPECTION FORMS	2,148.21	
	7/1/2004	DOCUPRODUCTS CORPORATION	COPIES CHARGES	461.49	
	7/1/2004	DONS INDUSTRIAL	BUS PARTS	106.54	
	7/1/2004	FEDERAL EXPRESS CORP.	FREIGHT CHARGES	17.81	
	7/1/2004	FISHER, SHERRIE	REIMBURSEMENT	70.00	
	7/1/2004	FLEMING & ASSOCIATES	WORKERS COMP ADMINISTRATION	2,500.00	
	7/1/2004	GE GROUP LIFE ASSURANCE	LIFE INSURANCE	939.71	
	7/1/2004	GFI GENFARE, INC.	FAREBOX REPAIRS & PARTS	2,004.05	
	7/1/2004	GIBBS INTERNATIONAL TRUCKS	BUS PARTS/SUPPLIES	972.04	
	7/1/2004	GOLETA WATER DISTRICT	UTILITIES	38.90	
	7/1/2004	GOODYEAR TIRE & RUBBER CO	LEASED TIRES	681.50	
	7/1/2004	GRAHAM CHEVROLET CORP.	BUS PARTS	11.94	
	7/1/2004	HAHN, STEPHEN	FOR LABOR INVENTORY	690.00	
	7/1/2004	HAYNES SALES DBA	PRESSURE WASHER REPAIR	29.16	
	7/1/2004	HEWLETT-PACKARD CORP.	COMPUTERS	1,896.40	
	7/1/2004	HUMANA DENTAL INSURANCE CO.	STAFF DENTAL INSURANCE	2,552.39	
	7/1/2004	INTERCON TECHNOLOGIES DBA	EV/CHARGER REPAIRS	3,395.00	
	7/1/2004	J n L GLASS INC.	REPLACE BUS WINDOWS	585.00	
	7/1/2004	LENZ PEST CONTROL DBA	FUMIGATION	125.00	

Accounts Payable Check Register

13-Jul-04

16:00

Check	Date	Company	Description	Amount	Voids
	7/1/2004	LNI CUSTOM MANUFACTURING	SHELTER & INSTALLATION	14,922.96	
	7/1/2004	MEJIA, LEO	PROGRAMMER	500.00	
	7/1/2004	MAR-CO INDUSTRIES INC	SERVICE VEHICLE PARTS	649.61	
	7/1/2004	McCARRON INDUSTRIES	BUS PARTS	23.12	
	7/1/2004	MGB INDUSTRIAL SUPPLY	SHOP SUPPLIES	231.77	
	7/1/2004	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	25.80	
	7/1/2004	MUZICRAFT	TC CONTRACT MAINTENANCE	35.00	
	7/1/2004	NATIONAL INTERSTATE INS. CO.	LIABILITY INSURANCE	13,614.17	
	7/1/2004	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	2,677.34	
	7/1/2004	PETRO-DIAMOND INC.	DIESEL FUEL	9,814.79	
	7/1/2004	PETTY CASH-JOHNS, G.	MISC. PURCHASES	198.47	
	7/1/2004	PACIFICARE OF CALIFORNIA	HEALTH INSURANCE	21,714.01	
	7/1/2004	PRAXAIR DISTRIBUTION, INC.	SHOP SUPPLIES	49.58	
	7/1/2004	RODRIGUEZ ENTERPRISES	PROFESSIONAL SERVICES	1,500.00	
	7/1/2004	ROTO-ROOTER	TC PLUMBING	90.00	
	7/1/2004	SBHRA	SEMINAR FEES	60.00	
	7/1/2004	SB INDEPENDENT INC.	EMPLOYMENT AD	315.00	
	7/1/2004	SERVICE MASTER OF SANTA	TC JANITORIAL SERV./SUPPLIES	2,121.17	
	7/1/2004	SIGN EXPRESS	INTERIOR BUS SIGNS & STICKERS	727.42	
	7/1/2004	SM TIRE, CORP.	BUS TIRE MOUNTING	125.98	
	7/1/2004	SMART & FINAL	OFFICE SUPPLIES	23.86	
	7/1/2004	SO. CAL. EDISON CO.	UTILITIES	6,830.88	
	7/1/2004	SURFACE TECHNOLOGY COMPANY	GRAFFITI CLEANER	429.14	
	7/1/2004	SB CITY OF-REFUSE/WATER	UTILITIES	264.28	
	7/1/2004	TELCOM, INC.	RADIO INSTALLATION & SERVICES	261.17	
	7/1/2004	UNITED PARCEL SERVICE	FREIGHT CHARGES	121.51	
	7/1/2004	UNIFORM CONNECTION INC.	UNIFORMS	130.36	
	7/1/2004	VALLEY POWER SYSTEMS, INC.	BUS PARTS	1,369.64	
	7/1/2004	VENTURA PRINTING INC.	DWF SHUTTLE CARDS	697.15	
	7/1/2004	YALE/CHASE MATERIALS	FORK LIFT PARTS	304.61	
	7/9/2004	SB BANK & TRUST- TAXES	FEDERAL TAXES	11,881.16	V
	7/9/2004	SB BANK & TRUST- TAXES	FEDERAL TAXES	11,881.16	
	7/9/2004	CALIF STATE OF-PIT	STATE TAXES	2,544.86	
				142,441.95	
			Current Cash Report Voided Checks:	11,881.16	
			Prior Cash Report Voided Checks:	0.00	
			Grand Total:	\$130,560.79	

Santa Barbara Metropolitan Transit District Cash Receipts of Accounts Receivable

Date	Company	Description	Amount
6/29/2004	City of SB - Downtown WF/Wharf	Dwntwn. Wtrfrnt. Shuttle-April & June	71,037.50
6/30/2004	City of SB - Commuter Lot	Commuter Lot Shuttle - June 04	13,792.82
6/30/2004	City of SB - Downtown WF/Wharf	Dwntwn. Wtrfrnt. Shuttle-April & June	70,127.75
6/30/2004	Santa Barbara Bank & Trust	Advertising on Buses	7,012.50
7/1/2004	County of Santa Barbara	Passes/Token Sales	1,000.00
7/1/2004	County of SB - Probation Dept.	Token Sales	625.00
7/5/2004	City of SB Waterfront Department	Booster Service	489.30
7/5/2004	Eleanore Zeluck	Health Insurance - Cobra	229.35
7/8/2004	Godzilla Graphics	Advertising on Buses	510.00
7/9/2004	City of SB - Passes/Tokens	Passes/Token Sales	4,000.00
7/9/2004	Crow, William & Louise	Health Insurance - Retiree	289.70
7/9/2004	Davis, Brad	Health Insurance - Cobra	350.89
7/9/2004	Gary Gleason	Monthly Health Ins. - Retiree	89.73
7/9/2004	SB Maritime Museum	Advertising on Buses	1,000.00
7/12/2004	Calles, Gilbert & Leandra	Health Insurance - Retiree	398.04
Total Accounts Receivable Paid During			\$170,952.58

June 2004

Santa Barbara County Association of Governments

Santa Barbara Metropolitan
Transit District (SBMTD)

TDA Triennial Performance Audit
For Fiscal Years Ending June 30, 2003



Final Report

Submitted By:

Nelson|Nygaard
consulting associates

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Executive Summary

This summary represents the major findings and recommendations of the triennial performance audit of the Santa Barbara Metropolitan Transit District.

Findings

1. The Santa Barbara Metropolitan Transit District is in full compliance with all PUC regulatory requirements reviewed for this performance audit.
2. While some performance indicators declined over the audit period, MTD has operated its transit services in a cost-conscious and efficient way.
3. In its reports to the State Controller, MTD has reported all required performance measures correctly.
4. MTD has implemented one of two recommendations from the prior performance audit and partially implemented another, specifically:
 - MTD has worked with Easy Lift to resolve issues of ADA compliance. With enhanced service to and within Carpinteria and increased hours of operation, paratransit service now matches fixed-route service, as required under ADA.
 - MTD has partially fulfilled the second recommendation of the previous audit, that it should develop a simplified system of goals and objectives that can be used for regular performance monitoring. Performance standards are used in the yearly analysis of all bus lines, but performance monitoring standards are not applied to other aspects of MTD's operations.
5. MTD's administrative procedures provide efficient and effective control over spending and budgets.
6. The operations function at MTD has effective methods for driver supervision and retention, which have resulted in a modest turnover rate and excellent on-time performance.
7. MTD has an effective maintenance program for its diesel and electric buses. Preventive maintenance intervals are adhered to and each vehicle's maintenance history is tracked.
8. MTD's safety record is good. The CHP found the operation satisfactory in annual Safety Compliance and Terminal Record Inspection reports during the audit period.
9. MTD completed a new central facility during the audit period that promises to increase the efficiency of its administration, maintenance, and operating functions. The centralized facility significantly reduces driver deadhead time.

10. MTD has successfully implemented new bus lines and some of the other service enhancements recommended in the South Coast Transit Plan, increasing the transit options for residents of the MTD market area.
11. MTD has an active marketing program including necessary components to ensure visibility of the bus service. MTD distributes information that current and prospective riders need to use the system through various media including printed materials and an active web presence.

Recommendations

1. MTD should develop a simplified system of goals and objectives that can be used for regular performance monitoring. The previous audit recommended simplifying a lengthy list of goals and objectives of MTD as stated in the 1996 Short Range Transit Plan. The District partially implemented this recommendation in the evaluation of its route operations. We continue to recommend that this be implemented, and that the District should have a simple set of performance standards against which they can judge the operations, maintenance and administrative efficiency of the District.
2. Complete the Short Range Transit Plan. The current SRTP is out of date, and an updated plan was not released during the audit period, in part due to significant turnover in the Planning Department at MTD. Now that staffing is stable, the SRTP should be finalized.

Introduction

This is the final performance audit report for the Santa Barbara Metropolitan Transit District covering the three fiscal years ending June 30, 2003. Performance audits are required of all transit operators receiving funds under the Transportation Development Act (California Public Utilities Code 99246). This audit was conducted consistent with California Department of Transportation's *Performance Audit Guidebook* (Second Edition, January 1998).

The methodology for this audit consisted of interviews with MTD, Easy Lift and SBCAG staff, verification of data sources while on site, analysis of operating and financial data, assessment of the system's goals and objectives, inspection of facilities, and reviews of relevant planning documents prepared during the audit period.

This report includes the following items.

- A description of the operator and a review of key events during the audit period.
- A review of TDA code compliance and verification of methods for calculating performance indicators.
- An evaluation of the efficiency, economy and effectiveness of the operation by analysis of trends in five TDA-required performance measures.
- A review of the major functional areas of the transit system, including management and control procedures.
- A review of actions taken on prior performance audit recommendations.
- Recommendations for improving performance and/or complying with TDA requirements.

Description of the Operator

The Santa Barbara Metropolitan Transit District (MTD) is a public agency created under State legislation "...in order to meet the public transit problem of the area...[and]...to develop a single transit system to protect the public interest and welfare." MTD was founded by a group of community leaders formed in 1968 in response to the public's concern over the deterioration of transit service operated by the privately owned bus company, Santa Barbara Transit. In FY 2002-2003, MTD had a fleet of 93 buses. In that same year, MTD provided more than 177,192 hours of revenue service to 7.0 million passengers.

Service Area

MTD provides fixed route transit service on the South Coast of Santa Barbara County. MTD's service area is approximately 52 square miles from Carpinteria to Winchester Canyon at the western end of Goleta. According to the 2000 Census, the population of the South Coast totals 201,002 persons.

Organization

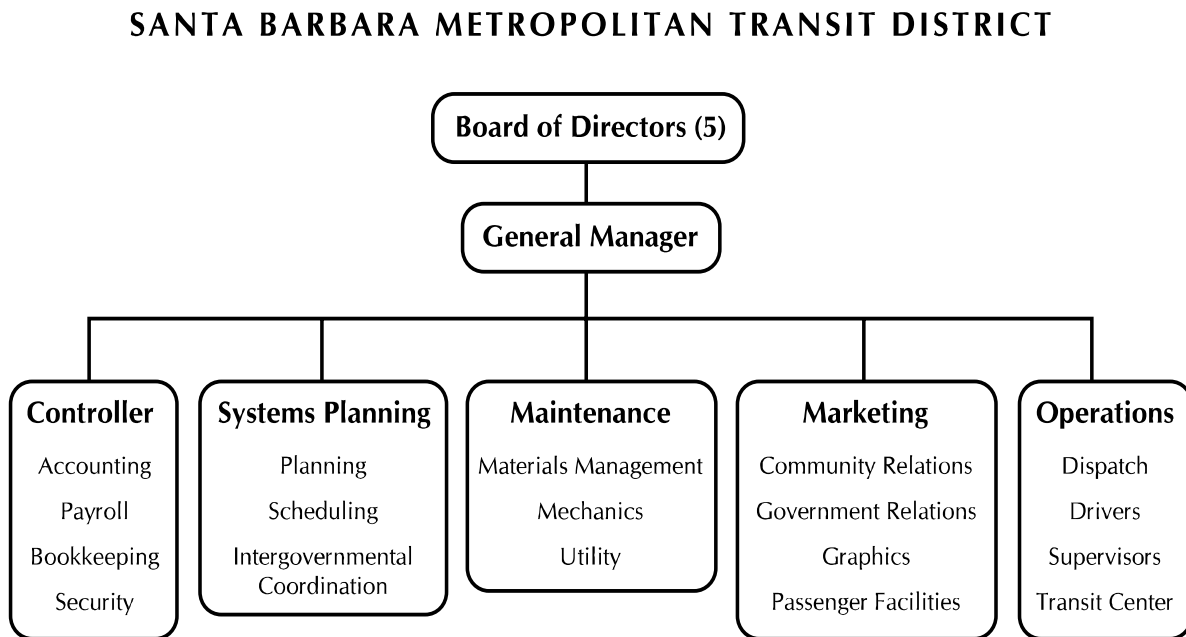
A five-member Board of Directors governs MTD. The County Board of Supervisors and the Santa Barbara City Council each appoint two members to the MTD Board; the MTD Board appoints the fifth member.

The General Manager, appointed by the Board, is the top executive post at MTD. The General Manager reports directly to the Board.

At the end of the audit period, MTD was composed of General Administration and five functional departments (an organizational chart is shown on the next page), listed below:

- Accounting (financial functions and data communications)
- Maintenance (buildings, grounds, equipment and revenue fleet maintenance)
- Marketing (public information, communications, advertising and educational programs, community affairs)
- Operations (operations, drivers and road supervision, risk and safety, transit center)
- Planning (planning and scheduling)

Figure 1 Organizational Chart



During the audit period, there were some minor changes in organization. In December 2002, the Governmental Affairs Department was terminated after its long time head left, and duties were distributed between Marketing, Planning, and the General Manager. Some duties were also shifted between Planning and Marketing.

Since the audit period, the long term General Manager left, and the former Manager of Operations took his place on an interim basis. Three of five board members are also new since 2002. During this period, substantial changes in the transparency of District governance have been implemented, including enhanced public notice of meetings, and placing announcements and minutes of Board and Committee meetings on the MTD website.

Description of Service

Routes: MTD provides regularly scheduled general public service on 29 fixed route bus and shuttle lines.

Service Hours:

- Monday through Friday, 5:30 am to 12:00 am.
- Saturdays, 6:00 am to 11:30 pm.
- Sundays, 9:15 am to 10:30 pm.

There is no service Thanksgiving or Christmas Day. Service on the other holidays, e.g., Memorial Day, Fourth of July, Labor Day, day after Thanksgiving, day after Christmas, and New Years Day, is provided under the Sunday Schedule.

Fares:

Fares were unchanged during the audit period, as recorded below. In May of 2003, a process began to raise basic fares to \$1.25, and to institute a monthly unlimited pass, but that process was not completed until September of 2003.

Adults:	\$1.00
Students:	\$0.75
Seniors/disabled:	\$0.50
Medicare Card Holders:	\$0.50
Under age 5:	free (limit 3 per adult)
Transfers:	free
Downtown-Waterfront Shuttles:	\$0.25
Seaside Shuttle	\$0.25
Ten-ride passes; regular fare:	\$10.00
Ten-ride passes; senior/disabled:	\$5.00
Ten-ride passes; students:	\$7.50
UCSB Students:	\$7.50/qtr.
City College Students:	\$11.50/semester

Facilities and Equipment

MTD's main passenger facility or transit center is located at 1020 Chapala Street in downtown Santa Barbara. This facility, owned by MTD, is the system's principal passenger hub. It serves as the downtown transfer point and terminus for 16 of MTD's routes. This is also the location where telephone requests for schedule information are routed. The Transit Center is staffed by MTD employees who provide route information and sell passes and tokens to the general public from 6 am to 7 pm on weekdays, 8 am to 6 pm on Saturdays, and 9 am to 6 pm on Sundays. Other services at the Center available during these hours are public restrooms, change machines and public telephones.

The most important change in MTD facilities since the last Triennial Performance Audit is the completion of construction of the long awaited maintenance, dispatch and administrative facility in the City of Santa Barbara. This project was completed in phases during the audit period. The expanded facility on Cota and Olive Streets houses all administrative and operations functions, including radio dispatch and driver supervision, all fleet vehicles (both electric and diesel) maintenance functions, fueling, bus washing, and storage of the entire fleet. All operations and overnight vehicle storage, with the exception of two electric buses housed in Carpinteria, are now centralized at this one site.

The Goleta facility (at 5353 Overpass Road), which previously functioned as the main dispatch facility for the District, has now been retired. This site may be sold or leased, pending removal of underground fuel tanks. It is currently vacant.

MTD also owns a 19-acre property on Calle Real Road in Santa Barbara. This property was once considered a potential site for the bus factory now located at Cota and Olive Streets. During the audit period, MTD began investigation of options for use of this site, and entered into negotiations with the Santa Barbara Housing Authority on a joint venture transit oriented development on the property.

Vehicle Fleet

At the end of the audit period, MTD's transit fleet consisted of 93 buses ranging in capacity from 18 to 45 seated passengers, as shown in the following figure.

Figure 2 MTD's Vehicle Fleet

Number of Vehicles	Year	Make	Model	Seat Capacity	Fuel Type
20	1984	Gillig	Phantom	45	Diesel
14	1988	BMI/S&S	Villager	27	Diesel
9	1991-2	BMI/Spec/APS	Shuttle	18	Electric
1	1992	Specialty	Shuttle	18	Electric
1	1993	BMI/	Transit	18	Electric
5	1996	APS	100 series	25	Electric
28	1998	Nova	LFS	38	Diesel
5	2000	Nova	Commuter	36	Diesel
6	2000	E-Bus	Shuttle	18	Electric
4	2001	E-Bus	Crosstown	18	Electric

Source: Draft SRTP, 2003

At the end of the audit period, the average fleet age was 10 years with over half of the diesel fleet well over the recommended 12 year life of transit vehicles. This was a major maintenance and operation issue for the District. However, MTD began a procurement process for new buses during the audit period, and began taking delivery of new clean diesel buses shortly after the audit period to replace the 40-foot Gillig Phantoms and 30-foot BMI Villagers.

When the procurement is complete, all of the older diesel buses will be retired from active service, although a few will be rebuilt and kept as spares. However, aging electric buses, 9 dating from 1991, will still remain in the fleet, and their replacement is the next critical procurement for MTD.

Review of the Audit Period

The following describes a number of activities, accomplishments and challenges that MTD experienced during the audit period.

Ridership – Ridership declined slightly during the audit period, from 7.1 million in 1999–2000 to 7.0 million in 2002–03. It reached a high point in the system’s history of 7.2 million in 2001–02. The slight decline is consistent with - but more muted than - trends in California transit systems that have seen ridership declines during the recent recession.

Facility Expansion – As discussed previously, during the audit period MTD completed and occupied the expanded facility on Cota and Olive Streets. All administration, dispatch and vehicle maintenance now is located in one central location, and nearly all buses are stored on-site as well. The completion of this facility promises future operational efficiencies for the District.

The expanded facility occupies almost a complete city block, bounded on the north and south by Cota and Haley Streets, and on the east and west by Salsipuedes and Olive Streets. MTD’s administrative headquarters were relocated in December 2000 from a building at the northeast corner of the property, at 550 East Cota Street, to a new larger building on the southwest corner of the property, at 550 Olive Street. The new administrative building now houses all the Administrative, Accounting, Planning, Operations, Personnel and Marketing offices. The new building also contains the Board of Directors meeting room, a large meeting room for public hearings, and the radio dispatch headquarters.

Some maintenance/operation functions have historically been carried out at the Cota facility (e.g., heavy duty maintenance and all electric vehicle fleet activities). The maintenance garage at the Cota site includes the five original bus bays plus two new ones built as part of the facility expansion project. Upon completion of the new Administration building, the existing old administration building at 550 East Cota Street was remodeled to house the District’s parts inventory, which occupied the building in 2001. This move freed up an additional bay for maintenance activities. The expanded maintenance facility also includes fleet cleaning equipment and a refueling station.

Remediation of the south-east corner of the site was completed in 2002, allowing final completion of the bus storage yard in the summer of 2003. The entire fleet can now be parked on site, and any bus can be dispatched without requiring the movement of other vehicles. In addition, all employees are able to park on site, reducing surrounding residential neighborhood’s concerns about the parking impacts of the large facility.

Fleet Replacement – As discussed earlier, during the audit period the fleet average age increased from 7.6 years 10 years, with some of the diesel fleet as old as 19 years old, well over the recommended 12 year life of transit vehicles. MTD made modest procurements during the audit period. The District acquired 5 40–foot diesel Novas delivered in 2000 (joining 28 other Nova’s acquired in 1998), and also acquired a total of 10 22–foot electric

shuttles from E-Bus in 2000 and 2001. The new electric shuttles allowed MTD to implement the Crosstown Shuttle Project in 2001.

During the audit period, MTD continued to be a national leader in use of electric buses. In 2001 MTD solicited a bid for 39 electric buses to replace aging diesel buses in its fleet. However, the agency received no responsive and responsible bids. In 2002, using research and development funds, MTD was able to develop a prototype of a superior electric bus for line haul transit use. Despite this, the District was still not able to successfully solicit reasonable bids, receiving only one responsive bid at well above the anticipated cost. The MTD board cancelled the procurement in 2003. One bidder filed a protest to the FTA. In the meantime, MTD began a procurement process for new clean diesel buses, and began to receive the new buses after the audit period in 2004.

Implementation of the South Coast Transit Plan – The South Coast Transit Plan was adopted by the MTD Board in May of 1998, and proposed a major restructuring of MTD’s service (including improvements to existing service, and proposed new service) and development of transit enhancements to attract the non-traditional transit user. The Plan was developed to help reduce traffic and improve air quality by improving transit as a viable alternative to the automobile. The Santa Barbara County Association of Governments (SBCAG) subsequently incorporated the MTD South Coast Transit Priority Projects into the transit element of its Regional Transportation Plan for the South Coast area.

During the period, MTD received funding from local and federal sources to implement elements of the plan, including:

- In 2000, MTD introduced Line 36, the Seaside Shuttle, within Carpinteria. New 22-foot electric shuttles were purchased for this service. MTD also implemented new Goleta service extensions on existing trunk and express routes with five new 40-foot buses.
- In 2001, MTD increased service to Carpinteria with additional hours on line 20 and a new peak hour service on Line 21x. MTD also introduced the Crosstown Shuttle (Line 37), connecting the Eastside and Westside via the Downtown Transit Center, with funding from the City of Santa Barbara.
- In 2002, MTD increased service on the UCSB Express. It discontinued Line 18 (Goleta Loop) and extended service on Line 6 (State/Hollister) to increase trunk line service to Goleta.

Federal Funding – Securing adequate financial resources to continue and expand operations is an on-going challenge to MTD. The District had several notable successes during the period in federal funding programs:

To implement aspects of the South Coast Transit Plan, MTD has been able to have projects adopted in the RTIP and funded with Congestion Management and Air Quality (CMAQ) flexible funds. These projects included, in FY 2000-01, authorization to purchase 39 thirty-foot electric buses (later replaced by clean diesel, as noted above), two twenty-two-foot electric shuttles, 55 enhanced fareboxes and installation of 4 “superstops” in Santa Barbara.

In FY 01-02, the adopted FTIP included 23 40-foot clean diesel and hybrid-electric buses and five “over the road” coaches for regional express service.

State Funding – During the audit period, State Transportation Development Act funds available to Santa Barbara increased each year except for 2002-03. In 2001-02 TDA reached its highest point ever, totaling \$6.89 million in revenue usable by the District for either capital or operating needs.

MTD was not immune to state level woes, however. MTD was awarded a Transportation Congestion Relief Program (TCRP) grant for \$900,000 to fund a GPS system for the transit fleet, and commenced a procurement process in 2002. However, after the District was informed by the California Transportation Commission (CTC) that funding was uncertain, MTD was compelled to discontinue the program.

Local Funding – Santa Barbara County’s Measure D raises funds for transportation improvements through a half-cent sales tax. None of this funding goes directly to MTD. However, during the audit period the Cities of Santa Barbara and Carpinteria opted to use a portion of their Measure D funds to fund specific MTD service in their cities. Santa Barbara partially funds the Downtown-Waterfront Shuttle and Carpinteria partially funds the Seaside Shuttle via separate agreements with MTD. Both of these agreements were completed before the audit period, but the Seaside Shuttle was implemented during the audit period and is considered a success. Both shuttles have reduced fares of 25 cents per ride, and the local governments subsidize the remaining 75 cents to compensate MTD for the full fare amount.

A new service, Santa Barbara’s Crosstown Shuttle, was planned and developed during the period, and was introduced in 2001. The City of Santa Barbara expends approximately \$300,000 per year to subsidize this service, which improves transit options for getting around the City of Santa Barbara and connecting to regional services. An agreement between Santa Barbara and MTD is in effect through June 2005, at which point MTD and the City will re-evaluate options.

Increased ADA Service – During the audit period, MTD provided increasing assistance to Easy Lift, a non-profit agency, to operate the Americans with Disabilities Act (ADA) complementary paratransit service that the MTD is required to provide. The MTD subsidy has grown from \$95,300 in FY 1999-2000 to \$219,300 in FY 2002-03, a 130% increase.

Workers Compensation – As with other California employers, the cost of workers compensation became a significant challenge to the MTD during the audit period. MTD self-insures, so it is less exposed to rising premiums. However, the base cost of paid claims has nearly doubled during the audit period from \$547,000 in 1999-2000 to \$1.045 million in 2002-03. The actual number of workers claiming on the job injuries has not changed substantially, but the cost of compensating these employees has increased due in part to changes in state rules. This is an issue that is largely beyond the District’s control, and it is hoped that costs will moderate in the future with increasing state level concern regarding this issue.

Compliance Audit

In compliance with the audit guidelines set forth by the State of California, this audit report discusses the collection methods for the data used by MTD in the calculation of performance indicators. The methods used to measure vehicle service hours and miles, passengers, and employee hours are reviewed. Compliance with relevant sections of the Public Utilities Code is then evaluated.

Verification of Performance Indicators

The auditor conducted an independent review of the methods used to collect required non-financial data. Financial statements prepared annually by McGowan Guntermann (the required TDA fiscal audits) have been used as the source for financial data, namely operating cost and fare revenue.

TDA regulations specify that transit operator performance audits verify data collection and reporting procedures for five statistics described and discussed below. MTD is in full compliance with reporting these statistics.

Vehicle Service Hours

Vehicle Service Hours are the total annual hours that vehicles are in revenue service, excluding travel time to and from storage facilities and other deadhead travel. MTD uses the Hastus software for scheduling and run cutting. The daily data from the Hastus run cuts is entered into a database used for accumulating vehicle service miles, service hours and passengers. The vehicle revenue or service hours are derived from the bus block platform time, which includes the revenue trip time (time vehicle is in motion on route), the deadhead (travel time between the vehicle storage yard and the terminal each day), and normal layover times (recovery time at the terminal between runs needed to match arrival and departure times of the buses serving the various lines).

The TDA definition of vehicle service hours requires that deadhead and drivers breaks be removed but not layovers. MTD's schedules do not actually distinguish between layover time and breaks. Instead layover time is used to allow the driver breaks that are required under the contract with the Teamster's Union. MTD's actual practice of excluding from the calculations only the longer scheduled layovers represents a reasonable approach to producing a count that conforms to the intent of the TDA definition.

Vehicle Service Miles

Vehicle Service Miles are the total annual miles traveled in revenue service, excluding miles traveled to and from storage facilities and other deadhead travel. MTD's revenue or service mileage is calculated based on the actual distance of each route (determined by driving the route) and the number of runs on each route per day. Deadhead mileage from the storage

yard or dispatch location to the terminal or beginning or end of the route is not included in the calculation. The distance data for each route is entered into the Hastus run-cutting software program, which creates daily totals for each route.

Unlinked Passengers

“Unlinked Passengers” is defined as the total annual unlinked trips (that is, all passenger boardings, whether revenue producing or not). The auditor reviewed the passenger data in the same database used for accumulating hours and miles. MTD’s fareboxes accumulate passenger data trip by trip for all electronically encoded fare types. Other passengers are counted by drivers punching in a code each time a non-revenue passenger boards. Very occasionally, the fareboxes will not register any data. In these cases average values are substituted. These methods comply with TDA requirements.

Employee Full-Time Equivalents

Employees are required to be reported in terms of full-time equivalents (FTEs), by totaling annual regular and overtime pay hours, using 2,000 hours per year as one FTE. The auditor verified that MTD is counting total FTE in accordance with the state’s definition.

Operating Cost and Farebox Revenue

Operating cost is defined as the annual cost of running a transit operation (including purchased transportation services), exclusive of depreciation, capital expenditures, vehicle lease costs, and the direct costs of providing charter service. Farebox revenue is the revenue earned from carrying passengers. This performance audit has used the amounts given in MTD’s TDA fiscal audits as values for both the operating cost and farebox revenue. The farebox revenue and operating expenses reported to the State Controller matches the audit figures in each of the first two audit years. In FY 2002-03, the amount reported to the State Controller is \$36,312 higher than the audited financial statements. There is a corresponding discrepancy in the reported operating expenses in the same year.

Regulatory Compliance

Compliance with State TDA Requirements

The Public Utilities Code and California Code of Regulations includes twelve operator compliance requirements. MTD is in full compliance with the applicable PUC requirements listed in Figure 3, on page 16. These requirements are shown below in italics and then briefly discussed in regular font.

1. *The transit operator submitted annual reports to the Regional Transportation Planning Entity based on the Uniform System of Accounts and Records established by the State Controller.*

MTD submitted annual reports to State Controller in electronic format. MTD was apparently in compliance with submittal dates, because the State Controller set later due dates than the customary October 20th in each year, and MTD met these dates.

2. *The operator has submitted annual fiscal audits and compliance audits to its RTPE and State Controller within 180 days following the end of fiscal year or has received the 90-day extension allowed by law.*

The auditor reviewed fiscal audits for 2000-2001, 2001-2002, and 2002-2003 prepared by McGowan Guntermann, Certified Public Accountants. The audits comply with the requirements of the regulations. The submittal dates for all three years are within the required deadlines.

3. *The CHP has, within 13 months prior to each TDA claim, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of operator's terminal.*

The auditor reviewed CHP Safety Compliance and Terminal Record Inspection reports. The inspection dates are in accordance with PUC Section 99251. Certain violations were noted in each year; however, the overall terminal rating for all audited years was "Satisfactory".

4. *The operator's TDA claims have been submitted in compliance with the rules and regulations adopted by the Regional Transportation Planning Entity.*

TDA claims for all three years were submitted to and approved by SBCAG.

5. *The operator does not routinely staff with two or more persons transit vehicles designed to be operated by one person.*

One driver operates each vehicle.

6. *The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major fixed facilities unless the operator has reasonably supported and substantiated the changes.*

MTD's operating budget did not increase by more than 15% in any of the audit years according to its TDA Claim submissions.

Figure 3 Compliance with State Public Utilities Code (PUC) Requirements

TDA Requirements per the PUC	Compliance Finding	Verification Information
1. PUC Section 99243: Submit annual report to the State Controller within 90 days of the end of the fiscal year (i.e., September 30), unless filing electronically (then report is due October 20).	Compliance (although submittal dates are after Oct 20, the CA Controllers office set later due dates in each of these years)	Submittal Dates: FY 00–01: 12/21/01 FY 01–02: 1/30/03 FY 02–03: 11/5/03
2. PUC Section 99245: Submit annual fiscal and compliance audit to the State Controller within 180 days of the end of the fiscal year.	Compliance	Audit Completion Dates: FY 00–01: 10/10/01 FY 01–02: 9/13/02 FY 02–03: 10/1/03
3. PUC Section 99251: Submit CHP certification of compliance with Vehicle Code Section 1808.1 within the 13-month period prior to TDA claim submittal.	Compliance	CHP Terminal Inspection Dates: FY 00–01: 7/19/01 FY 01–02: 6/20/02 FY 02–03: 7/17/03
4. PUC Section 99261: TDA claim was submitted in compliance with rules and regulations adopted by RTPE.	Compliance	TDA Claim Submittal Dates: FY 00–01: 4/16//01 FY 01–02: 4/15/02 FY 02–03: 4/16/03
5. PUC Section 99264: Operator does not routinely staff with two or more persons buses designed to be operated by one person.	Compliance	Fieldwork and interviews.
6. PUC Section 99266: Operating Budget has not increased by more than 15% over prior year, unless a reasonable justification has been provided.	Compliance	% Increase per TDA Claims: FY 00–01: 4.9% FY 01–02: 2.0 % FY 02–03: 2.9%
7. PUC Section 99268: Funding provided through TDA makes up no more than 50% of operating, maintenance, capital and debt service requirements after federal grants are deducted, if applicable.	MTD is exempt from this requirement; see text.	
8/9. PUC Section 99268: Operator has maintained a ratio of fare revenues to operating costs equal to or exceeding 20% for fixed route bus service. (10% for operators serving rural areas).	Compliance	Recovery Ratio, excluding Easy Lift pass through subsidy: FY 00–01: 44% FY 01–02: 39% FY 02–03: 40%
10. PUC Section 99271: Operator’s retirement fund is fully funded.	Does not apply: see text.	
11. Section 99314.5 c: Operator is not precluded by contract from employing part-time drivers, or from contracting with common carriers (this is only applicable to operators receiving STA oper. assistance).	Not applicable: MTD uses STA funds for capital purchases only.	Contracting is not precluded by the Teamsters collective bargaining agreement. There are restrictions: MTD has part-time runs that drivers may bid on based on seniority.
12. CAC Section 6754 (a) (c): Operator makes full use of funds available from the FTA before TDA claims are made. (applicable if operator receives STA funds).	Compliance	FTA Funding By Year and Use: FY00–01 Operations: \$1,600,000 FY00–01 Capital: \$3,492,000 FY01–02 Operations: \$3,887,160 FY01–02 Capital: \$ 0 FY02–03 Operations: \$2,756,468 FY02–03 Capital: \$ 195,133

¹ Source: Annual TDA Claims.

7. *Operator funding provided through the Transportation Development Act makes up no more than 50% of operating, maintenance, capital and debt service after federal grants are deducted, if applicable.*

Under Section 99268.2, an older operator of an urbanized area is exempt from the 50% limitation if it maintains a minimum farebox recovery ratio of 20%, or the ratio it had during the 1978-79, whichever is greater. MTD's farebox ratio in FY 1978-79 was 30.26%. MTD met this requirement in each fiscal year.

- 8/9. *Operators in urban areas must have at least a 20% ratio of fare revenues to operating costs, or in a county of less than 500,000, a 15% ratio if so determined by the RTPE. If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to 10%.*

As shown in Figure 3, MTD met this requirement, exhibiting a high farebox ratio in each year of the audit.

10. *The operator's retirement system is fully funded, or the operator is implementing a plan approved by the Regional Transportation Planning Entity, which will fully fund the retirement system within 40 years.*

MTD has two employee groups, with different plans: union employees (Teamsters), and non-union employees. MTD pays into the Western Conference of Teamsters Pension Fund a defined amount for each employee covered by the terms of Teamsters Union agreement (e.g., drivers and mechanics). MTD is not involved in the operations or administration of this pension plan. The non-union employees have a profit sharing and Salary Deferred Plan & Trust (401 (k)). This plan and trust is administered by MTD, which contracts the administration to JRN Benefits. McGowan Guntermann audits the fund annually during the TDA fiscal audit. The plan is not the same as an employee pension plan, thus MTD is not subject to the Section 99271 requirement.

11. *If the operator receives state transit assistance funds, the operator is not precluded by contract from employing part-time drivers, or from contracting with common carriers.*

The auditor reviewed the employment records, payroll data, and the contract with the Teamsters Union; MTD employs part time drivers, and is not precluded by contract from contracting with common carriers and thus is in compliance with this requirement.

12. *If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.*

As shown in Figure 3, MTD complies with this requirement.

Performance Trends

The Transportation Development Act requires a review and analysis of five performance indicators: operating cost per vehicle service hour, operating cost per passenger, passengers per vehicle service hour, passengers per vehicle service mile, and, vehicle service hour per employee. In addition, the Fare Revenue per Passenger and Farebox Recovery Ratio are important measures of system performance. Figure 4 shows the performance indicators over the past six years for MTD. While the analysis focuses on the three-year audit period, the previous three years are also shown to provide a historical perspective.

In this analysis, we calculate costs according in both actual and constant (inflation adjusted) dollars. Inflation during the three-year audit period averaged 8.9%, and 16.9% over the entire six-year period.

Normally, performance is measured separately by mode. In this section, only MTD's bus operations are analyzed, with payments to Easy Lift for the provision of demand response ADA services removed from MTD's costs.

In a difficult operating environment, a number of performance measures deteriorated over the period, although there was a gradual and not precipitous change. Passenger counts dropped slightly over the three year period, while revenue hours, revenue miles, operating costs and employees all increased. Passenger counts did rebound slightly in 2002–03 from their trough in the previous year, with resulting upticks for the year in several performance measures. The measures are individually discussed below.

Figure 4 Performance Trends: MTD Bus Operations

	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	% Change 00-03
Operating Data⁽¹⁾							
Operating Cost (actual \$) ⁽²⁾	\$9,477,583	\$10,227,980	\$11,068,265	\$12,283,465	\$13,764,570	\$14,042,149	26.9%
Operating Cost (constant \$)	\$9,477,583	\$10,026,195	\$10,262,795	\$10,780,783	\$11,821,641	\$11,672,426	13.7%
Passengers	6,771,399	6,908,101	7,070,701	7,178,167	6,903,482	7,005,474	-0.9%
Revenue Miles	2,176,590	2,204,105	2,219,700	2,286,124	2,400,421	2,419,260	9.0%
Revenue Hours	167,247	167,799	166,542	170,471	180,989	177,237	6.4%
FTE Employees	154.0	153.0	160.0	162.0	175.0	176.0	10.0%
Farebox Revenue ⁽³⁾	\$4,646,652	\$4,863,063	\$5,037,138	\$5,393,731	\$5,390,086	\$5,547,712	10.1%
Performance Indicators							
Cost/Passenger (actual)	\$1.40	\$1.48	\$1.57	\$1.71	\$1.99	\$2.00	28.0%
Cost/Passenger (constant)	\$1.40	\$1.45	\$1.45	\$1.50	\$1.71	\$1.67	14.8%
Cost/Mile (actual)	\$4.35	\$4.64	\$4.99	\$5.37	\$5.73	\$5.80	16.4%
Cost/Mile (constant)	\$4.35	\$4.55	\$4.62	\$4.72	\$4.92	\$4.82	4.4%
Cost/Hour (actual)	\$56.67	\$60.95	\$66.46	\$72.06	\$76.05	\$79.23	19.2%
Cost/Hour (constant)	\$56.67	\$59.75	\$61.62	\$63.24	\$65.32	\$65.86	6.9%
Passengers/Mile	3.1	3.1	3.2	3.1	2.9	2.9	-9.1%
Passengers/Hour	40.5	41.2	42.5	42.1	38.1	39.5	-6.9%
Hours/FTE	1,086.0	1,096.7	1,040.9	1,052.3	1,034.2	1,007.0	-3.3%
Farebox %	49%	48%	46%	44%	39%	40%	-13.1%
Average Fare/Passenger	\$0.69	\$0.70	\$0.71	\$0.75	\$0.78	\$0.79	11.2%
Average Fare/Passenger (constant)	\$0.69	\$0.68	\$0.66	\$0.66	\$0.67	\$0.66	-0.3%
% Change in CPI ⁴	1.8%	2.0%	3.4%	4.6%	1.7%	2.4%	n/a
Cum % Change in CPI	1.8%	3.8%	7.3%	12.2%	14.1%	16.9%	n/a

Sources: FY98, FY99 and FY00 from previous performance audit. FY01, FY02 and FY03 from State Controller's Reports and NTDB reports

Operating Cost per Passenger – Operating costs grew by 26.9% over the three-year audit period, or 13.7% in constant dollars. However, ridership decreased by 0.9%, resulting in an increase in operating cost per passenger of 28.0%, or 14.8% in constant (inflation adjusted) dollars.

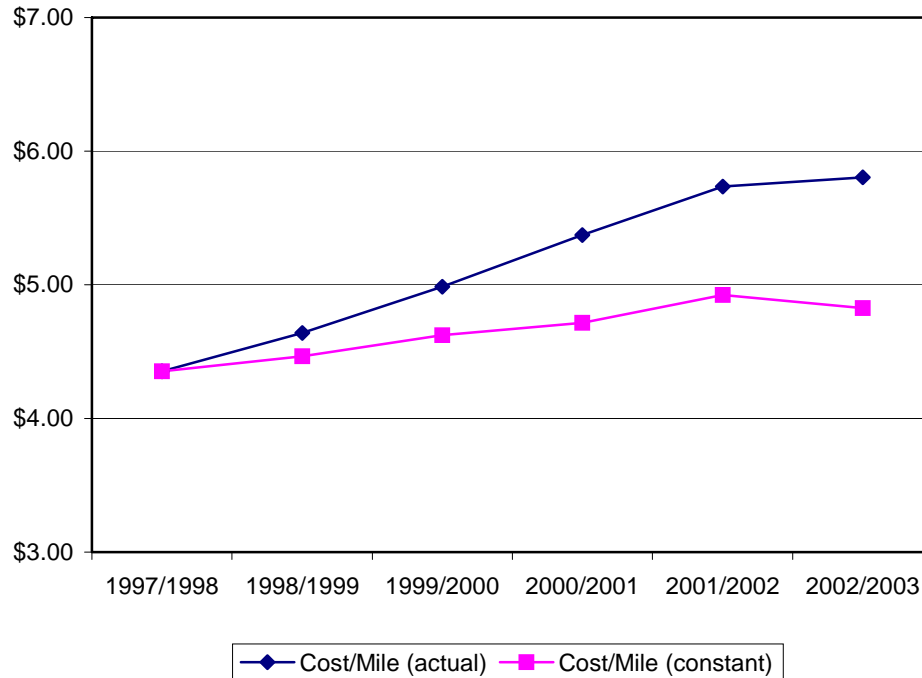
Several factors contributed to the cost increase, but the most notable one was the increase in total compensation and fringe benefits between 2000 and 2003, which together account for 85% of the increase in District costs. While salaries increased by 22.4% over the period, fringe benefits increased by 40.9%, led by a 91% increase in workers compensation, from \$547,000 to \$1.05 million, and a 45% increase in health benefits. Other significant cost increases include a 69% increase in costs for parts to supply an aging fleet; the cost of parts contributed 10% to the total cost increase during the period.

Figure 5 Operating Cost per Passenger



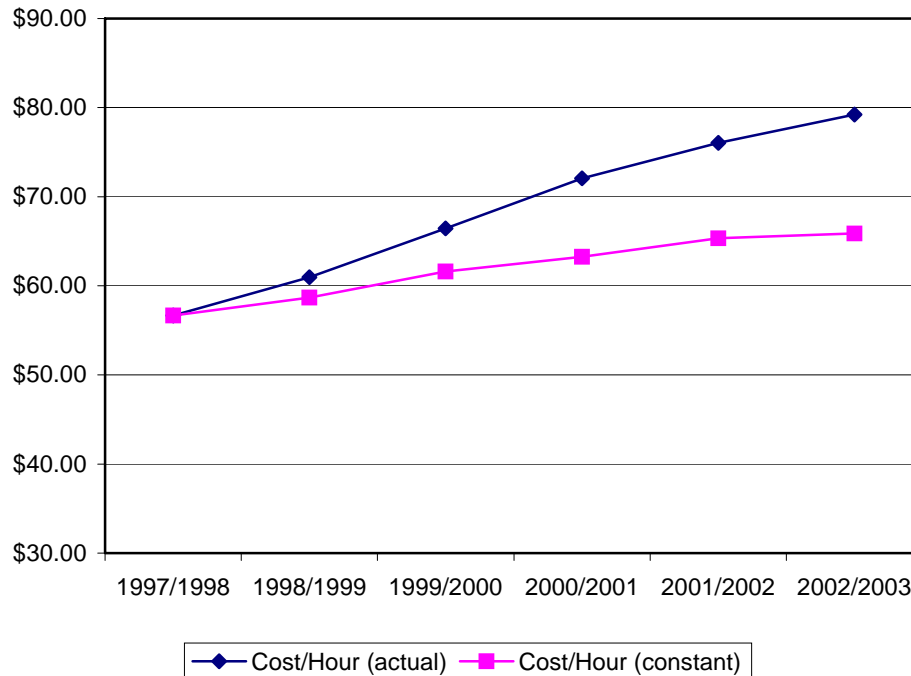
Operating Cost per Mile – While operating costs rose substantially during the period, so did total revenue miles. Operating costs per mile increased more moderately than operating costs overall, therefore, at a rate of 16.4 % over the period (4.4% in constant dollars). In constant dollars, costs decreased by 2% in the last year of the audit.

Figure 6 Operating Cost per Revenue Mile



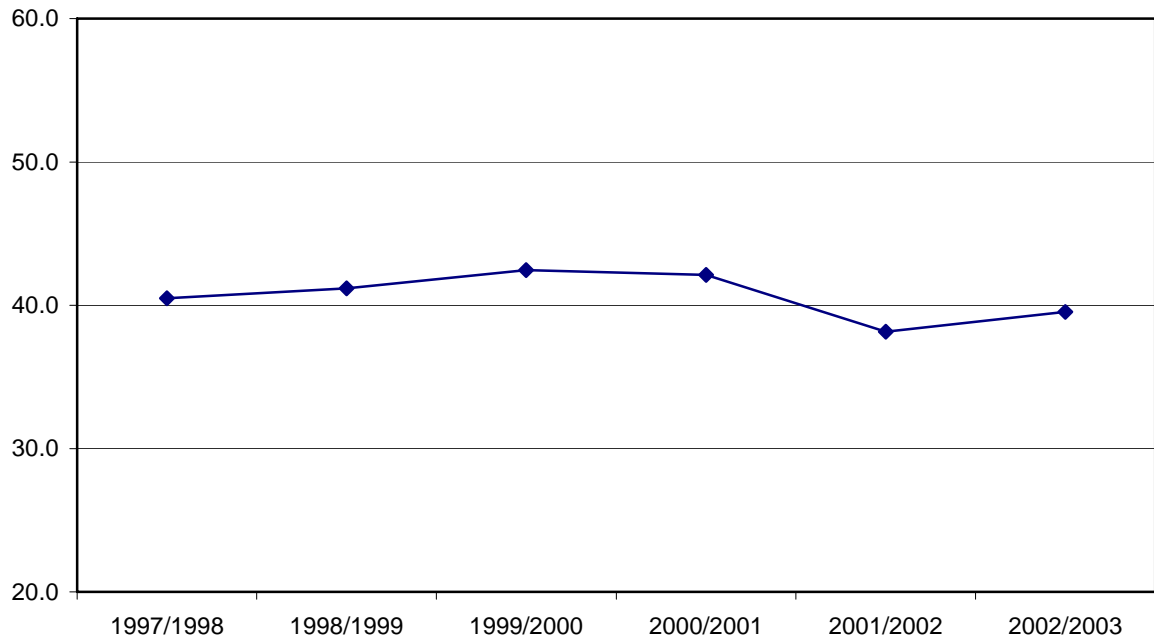
Operating Cost per Vehicle Service Hour – While operating costs rose substantially during the period, reported vehicle service hours increased, but at a slower rate of 6.4%. As a result, the operating cost per vehicle hour increased by 19.2%, from \$66.46 in FY 1999-00 to \$79.23 in FY 2002-2003, 6.9% in inflation adjusted dollars.

Figure 7 Operating Cost per Vehicle Service Hour



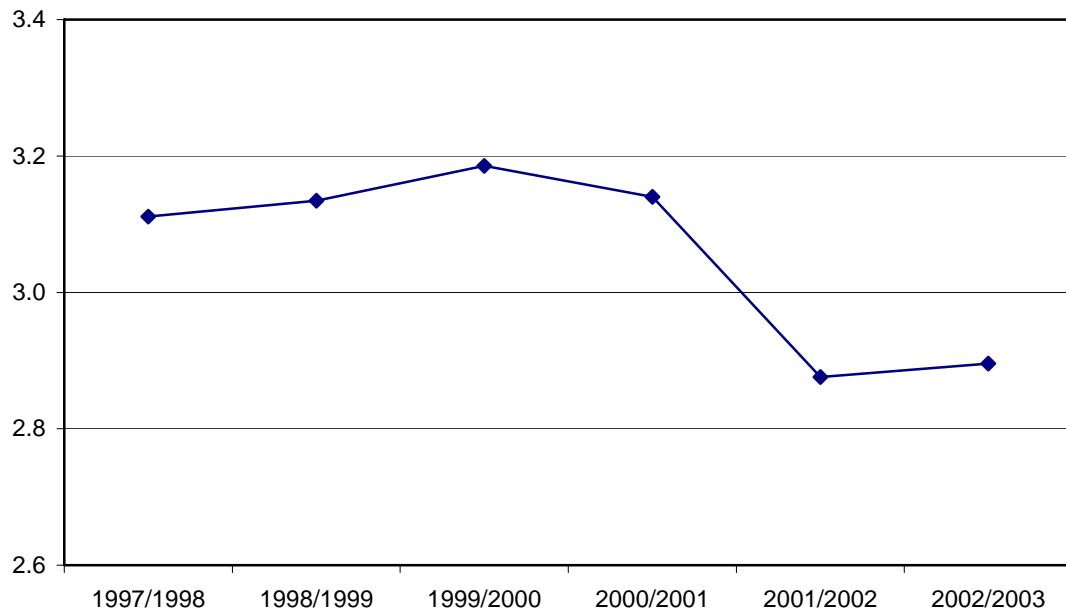
Passengers per Vehicle Service Hour – As noted above, there has been a 0.9% decrease in ridership during the audit period, while vehicle service hours increased by 6.4%, resulting in 6.9% decrease in passengers per service hour over the period. At 39.5 passengers per vehicle service hour in 2003, the system has recovered from its low of 38.1 in 2002, but is below the low 40's measurements of the last audit period.

Figure 8 Passengers per Revenue Hour



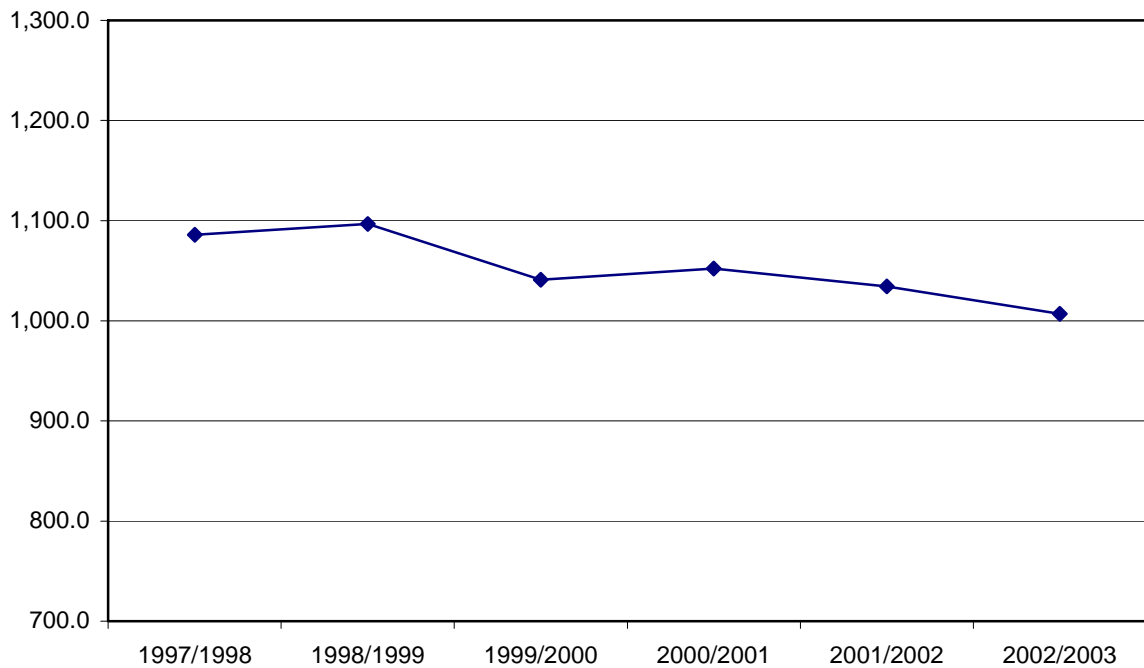
Passengers per Vehicle Service Mile – Service miles increased by 9.0% during the audit period, as MTD implemented several of the priorities of the South Coast Transit Plan. As is often the case with new service additions, ridership has developed gradually on these new lines, and not all service additions have been successful. Passengers per Vehicle Service Mile decreased by 9.1% during the period, from 3.2 to 2.9. As with Passengers per Vehicle Service Hour, this decline stabilized in 2003 with an uptick in total passengers.

Figure 9 Passengers per Revenue Mile



Vehicle Service Hours per Employee – Continuing the negative trend exhibited in the prior audit, Vehicle Service Hours per Employee continued to decline in this audit, but at a slower rate of 3.3%. Despite an overall increase in vehicle service hours, the increase of 16.0 FTE employees during the period offset this gain, and resulted in lower productivity rates per worker.

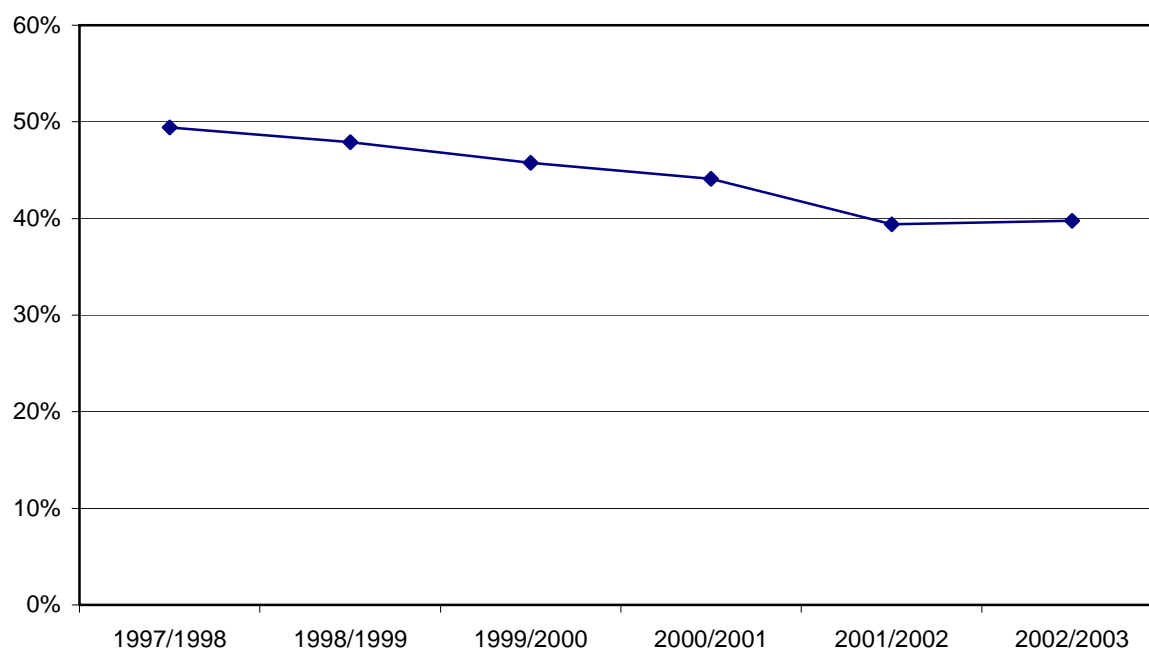
Figure 10 Vehicle Service Hours per Full-Time Employee Equivalent



Farebox Recovery Ratio – Fare revenue grew by 10.1% over the period despite no fare increases and a slight drop in ridership. Fare revenue dipped slightly in 2001–2, but increased again the following year. The fare revenue increase reflects the success of the District in luring full fare patrons to some of its new services.

Operating cost increases outstripped the gain in fare revenues, however, resulting in a net decline in the farebox recovery ratio. Over the three-year period, the farebox ratio declined 13.1%, from 44% FY 1999-2000 to 40% in 2002–3. Even with this decline, however, MTD far exceeds the TDA requirement of 20% for this measure.

Figure 11 Farebox Recovery Ratio



Functional Review

This chapter provides a review of the following functional areas:

- Administration
- Transit Operations
- Maintenance
- Marketing
- Planning

Administration

General Administration includes the financial functions of the transit operator, including budget preparation and tracking, payroll, and grant preparation activities. MTD's Controller (an Assistant General Manager) oversees the system's administration functions. Figure 12 presents the performance indicators used to assess the efficiency and effectiveness of MTD's general administrative function. Performance results for the audit period are mixed, with some negative and some positive results. The performance of each of these measures is described below. In each case, the growth over the audit period is in relation to the base year, FY 1999-00. Notable differences in these measures over the performance exhibited in the last audit are pointed out.

Budgetary Control is measured by comparing the budget to the actual expenditures in each year. The annual budget is prepared based on past actual expenditures and plans for the next year. MTD has an automated accounting system that provides monthly, quarterly and annual reports showing expenses by line item compared to budget. In each of the audit years, the cost of operations exceeded the budgeted amount. However, the variances were generally modest, with the exception of 2001–2, when expenditures exceed the budgeted amount by 4.7%. This was due to an unexpected decline in fare revenue following 9/11, simultaneous to MTD rolling out new service for the South Coast Transit Plan. MTD budgetary controls allowed the District to recover in the following year.

Administrative Cost Efficiency compares total administrative costs reported to the FTA to the total passenger count to reach an administration cost/passenger. Administrative costs include personnel costs (about 60% of administrative cost including both wages and fringe benefits) as well as the remaining costs of running the District that are not directly tied to vehicle operations and maintenance. During the period, this measure increased from 38 cents to 53 cents per passenger, an increase of 38.4%, or 26.0% after inflation is accounted for. This is a very substantial increase, and is due both to an increase in total compensation and in other administrative costs. Administrative Costs per Passenger rose at a faster rate than total Operating Costs per Passenger during the period.

Figure 12 MTD Administrative Function

	Base Year	Audit Review Period			% Change 99-03	
	1999/2000	2000/2001	2001/2002	2002/2003	Actual	Inflation Adjusted
Operating Data						
Operating Budget	\$10,608,949	\$12,231,002	\$13,348,669	\$14,143,212	33.3%	21.4%
Operating Cost ¹	\$11,068,265	\$12,406,511	\$13,979,570	\$14,334,073	29.5%	17.9%
Insurance Costs	\$106,325	\$111,838	\$192,746	\$87,901	-17.3%	-24.7%
Administrative Costs ²	\$2,692,064	\$3,031,406	\$3,705,995	\$3,690,918	37.1%	24.8%
Administrative FTE's	17	16	18	18	4.6%	n/a
Peak Vehicles	68	67	74	74	8.8%	n/a
Passengers	7,070,701	7,178,167	6,903,482	7,005,474	-0.9%	n/a
Performance Indicators						
Budget Vs Actual Variance	-4.3%	-1.4%	-4.7%	-1.3%	n/a	n/a
Insurance Costs per passenger	\$0.02	\$0.02	\$0.03	\$0.01	-16.6%	-24.0%
Administrative Costs per passenger	\$0.38	\$0.42	\$0.54	\$0.53	38.4%	26.0%
Administrative FTE's per Peak Vehicle	0.25	0.24	0.24	0.24	-3.8%	n/a
Cost/Passenger	\$1.57	\$1.73	\$2.03	\$2.05	30.7%	19.0%
% Change in CPI³	3.4%	4.6%	1.7%	2.4%	8.9%	

Sources: FY99-00 from previous performance audit. FY01, FY02 and FY03 from NTD, State Controller's Reports and annual audits

(1) Operating cost does not include depreciation.

(2) Administrative costs do not include insurance costs or pass throughs to Easy Lift

(3) Consumer Price Index for Urban Consumers in the Los Angeles Area

Administrative Labor Productivity, measured by administrative FTEs per peak vehicle, increased slightly during the period. The 3.8% decrease in the number of Admin FTE's per vehicle is a positive measure, showing increased productivity per FTE. Only 1 FTE employee was added during the period, while the peak vehicle fleet increased by six vehicles. As the agency and its fleet have slowly grown, the administrative staff has stayed nearly constant, leading to this gradual increase in productivity.

Casualty and Liability Costs per Passenger is used to assess the efficiency of an operator's risk management program. During the prior audit, insurance costs decreased by 55.1% between FY 1996-7 and 1999-00. In this audit period, the trend continued, and insurance costs per passenger decreased a further 17.3% from 1999-2000 to 2002-2003, although they fluctuated widely during the period. MTD is self insured for liability, although it carries insurance for high damage awards of greater than \$250,000; this explains the substantial year-to-year variation in these costs.

MTD's liability program is administered by the National Interstate Insurance Agency, Inc. The auditor examined liability claim submittal and payment data for the past four insurance years as tabulated by this insurance agency; the data is summarized in the following figure. The total number of claims has declined, but the number of loss payments has increased over the previous audit as the District settles a higher proportion of claims. Despite this increase, average payment per claim has remained very stable during the audit period, and in the last year of the period was slightly below the base year of 1999-2000, despite

inflation of 8.9%. MTD is managing its loss claims process very cost efficiently. MTD has also continued its emphasis on defending the claims that are submitted, and only paying when MTD is actually at fault.

Figure 13 MTD Loss Claims History

Year	Total # Claims	Total # Loss Payments	Total Loss Payments	#Loss Pmts/Total # Claims	Average Payment/Claim
1999-2000	53	9	\$22,075	17%	\$2,453
2000-2001	42	14	\$42,504	33%	\$3,036
2001-2002	43	23	\$23,162	53%	\$1,007
2002-2003	45	14	\$34,008	31%	\$2,429

Source: MTD loss claims history report, 5/04

Operations

Transit operations at MTD fall under the responsibility of the Operations Manager. Operations include driver training, safety, road supervision, dispatch, and customer service (e.g., Transit Center, telephone information). Most of these functions operate out of the new Administration Building, although information calls are handled out of the Transit Center. The dispatch center moved from the Transit Center to the Administration Building in 2001.

Personnel – The auditor has reviewed personnel records, and found that MTD is a very stable company, as evidenced by its high employee retention. Thirty-three of MTD's employees have been there 20 years or more. The average years of service of the 123 drivers is 10.9 years; 10 have been employed under a year, while 24 drivers have been employed for over 20 years. Over the past three years, an average of 13.7 drivers/year have left MTD employment for various reasons. This translates to a driver turnover rate of 11.1%.

Training and Safety – New hires undergo four weeks of training. Two weeks are mainly classroom training that covers routes, schedules, MTD policies, and driving practices. The third and fourth weeks are usually devoted to behind the wheel training. All drivers receive an additional two hours of training six times a year covering topics such as hazardous materials, calling out stops, and injury and illness prevention. This program more than satisfies State requirements. In response to complaints or accidents, one-on-one training is conducted. Special training is provided about new vehicles.

The auditor reviewed the Risk Management practices of the District. Risk Management is the responsibility of the Manager of Operations. MTD has a self-insured Workers Compensation plan. Insurance is purchased for individual claims in excess of \$500,000. Review of the claims data indicates a reduction in the number of claims submitted annually over the period from 33 in the base year to 25 in 2002-2003 resulting in a 24% decrease in the number of claims filed. This indicates positive performance during the audit period, and is evidence of the success of MTD's safety training and its aggressive risk management philosophy. However, as has been the experience throughout California, the total cost per

claim has gone up substantially at MTD, from \$16,575 in 1999-2000 to \$41,800 in 2002-03, resulting in a near doubling of the cost of the program from \$547,000 to \$1.045 million over the three year audit period.

Street Supervision – MTD’s standard for schedule adherence is used to determine on-time performance (MTD’s target is that no more than 5% of the trips are late). Schedule adherence is tracked at the transit center by noting time the buses pull in, and also through field work: the Road Supervisors spot check bus performance by standing on street corners near the bus stops, and also drive around behind the buses. A review of one month’s data indicates that of 33,795 trips, 296 were more than 5 minutes late, equating to 0.88% of the total, which is excellent performance.

Figure 14 presents the performance statistics used to assess the efficiency of MTD’s transit operations function. Several of these performance measures show substantial improvement over the prior audit period.

Figure 14 MTD Operations Function

	Base Year	Audit Review Period			% Change 99-03	
	1999/2000	2000/2001	2001/2002	2002/2003	Actual	Inflation Adjusted
Operating Data¹						
Vehicle Operations Costs	\$6,395,945	\$7,137,471	\$7,315,453	\$7,760,212	21.3%	10.5%
Vehicle Service Hours	166,542	170,471	180,989	177,237	6.4%	n/a
Transportation FTE's ²	120	121	130	133	10.5%	n/a
Collision Accidents	5	5	0	1	-80.0%	n/a
Injuries	1	1	0	2	100.0%	n/a
Vehicle Service Miles	2,219,700	2,286,124	2,400,421	2,419,260	9.0%	n/a
Passengers	7,070,701	7,178,167	6,903,482	7,005,474	-0.9%	n/a
Performance Indicators						
Transportation Costs per Hour	\$38.4	\$41.9	\$40.4	\$43.8	14.0%	3.8%
Service Hours per Transportation FTE	1388	1411	1390	1337	-3.7%	n/a
Operating Speed	13.3	13.4	13.3	13.6	2.4%	n/a
% Change in CPI³	3.4%	4.6%	1.7%	2.4%	8.9%	

(1) All operating data from NTD annual reports, 99/00 from previous audit

(2) Vehicle Operations total hours/2000

(3) Consumer Price Index for Urban Consumers in the Los Angeles Area

Cost Efficiency, measured by the transportation costs per hour, deteriorated during this audit period, as costs per vehicle service hour rose by 14.0% over the period (3.8% in constant dollars). This performance, though negative, is significantly better than the 21.4% increase recorded during the previous three-year audit period.

Labor Productivity, measured by vehicle service hours per employee full-time equivalent (FTE) decreased marginally over the period by 3.7% over the base year (FY 1999-00). While the total service hours increased 6.4% over the period, the number of drivers and supervisors employed increased by 13, or 10.5%, resulting in a negative overall result. This performance is a significant improvement over the former audit period, when labor productivity declined by 12.3%.

Collisions and Injuries are indicators of the safety of the system's operations. While injuries increased over the period, the total number increased from only 1 in 1999-00 to 2 in 2002-03. Reported collision accidents appear to have dropped substantially during the period.

Vehicle Maintenance

The Manager of Maintenance oversees the vehicle maintenance activities. Figure 15 presents the performance indicators used to assess the efficiency and effectiveness of the vehicle maintenance program. The performance indicators are briefly discussed below:

Maintenance Cost per Mile measures the efficiency of maintaining the transit fleet. Efficiency declined during the period, as total vehicle maintenance cost per mile increased by 23.1%, significantly more than inflation. Vehicle maintenance costs consist of both labor and supplies, all of which increased at above the inflation rate of 8.9%. While total FTE increased by just three during the period, total salaries increased 23%, fringe benefits (including workers compensation) increased by 43%, and material costs increased by 66% over the period. This is in contrast to total miles, which increased at less than 10% during the same period. The highest cost per mile was incurred in FY 2001-02, with a slight decline in 2002-03.

The complexity of maintaining both an aging diesel fleet, and an electric fleet with a number of models and unique parts, was pointed out by the Manager of Maintenance as one reason for the negative result. During the audit period, the District took several steps to address the large materials costs. The completion of a new inventory supply facility has helped in efficient storage. The inventory is tightly managed, and quarterly cycle counts are made to ensure that inventory is accounted for. The District also keeps inventory costs down by shopping via several vendors for the lowest price, whenever possible. The District hopes to substantially decrease its costs as it takes possession of new buses to replace its aging diesel fleet. These buses, under warranty, will require less investment in parts.

Figure 15 MTD Maintenance Function

	Base Year	Audit Review Period			% Change 99-03	
	1999/2000	2000/2001	2001/2002	2002/2003	Actual	Inflation Adjusted
Operating Data¹						
Vehicle Maintenance Costs	\$1,706,792	\$1,912,000	\$2,308,527	\$2,303,044	34.9%	22.9%
Vehicle Maintenance Materials & Supplies	\$471,568	\$583,878	\$788,329	\$784,397	66.3%	51.5%
Vehicle Maintenance Salary Costs ²	\$784,915	\$821,399	\$992,464	\$965,561	23.0%	12.0%
Vehicle Maintenance FTE's ³	22	21	27	25	14.5%	n/a
Total Miles	2,478,969	2,488,486	2,637,800	2,717,496	9.6%	n/a
Vehicle Service Miles	2,219,700	2,286,124	2,400,421	2,419,260	9.0%	n/a
Revenue Vehicle System Failures	328	288	308	360	9.8%	n/a
Peak Vehicles	68	67	74	74	8.8%	n/a
Active Vehicles	81	85	92	91	12.3%	n/a
Performance Indicators						
Maintenance Costs Per Mile	\$0.69	\$0.77	\$0.88	\$0.85	23.1%	12.1%
Material & Supply Costs Per Mile	\$0.19	\$0.23	\$0.30	\$0.29	51.7%	38.2%
Maintenance Salary Costs Per Mile	\$0.32	\$0.33	\$0.38	\$0.36	12.2%	2.2%
Active Vehicles Per Maintenance FTE	3.7	4.0	3.5	3.6	-1.8%	n/a
Miles Between Roadcalls	6,767	7,938	7,794	6,720	-0.7%	n/a
% Change in CPI⁴	3.4%	4.6%	1.7%	2.4%	8.9%	

(1) All data for audit period from NTD annual reports, 99/00 from previous audit

(2) Does not include fringe benefits

(3) Total personnel hours from NTD report/2000 hours per year = FTE

(4) Consumer Price Index for Urban Consumers in the Los Angeles Area

Maintenance Salary Costs per Mile measures labor cost efficiency, and shows that the cost of labor was a contributor to the declining cost efficiency of the vehicle maintenance program, but a relatively minor one. Costs per mile rose at a rate of 12.2% over the period, or just 2.2% adjusted for inflation. The addition of three new maintenance staff was offset by an increase in total vehicle miles traveled.

Material & Supply Costs per Mile calculations show that these costs contributed the most to increasing total maintenance costs. The costs per mile increased a very substantial 51.7% during the period (38.2% in constant dollars). The cost of stocking supplies for a diverse fleet of electric and diesel buses is very expensive, and masks the efficiency of the maintenance personnel in the District.

Miles Between Vehicle Failures, a measure of maintenance program effectiveness, fluctuated over the period, increasing to a peak of 7,900 miles between revenue vehicle system failures in FY 2000-01, and ended the period with an insignificant .7% difference from the base year. This measure shows that the effort to keep an aging vehicle fleet in good working order has been effective on the road.

Preventive Maintenance – MTD's preventive maintenance program is designed to maximize vehicle performance and minimize breakdowns; the PMI program is tailored to each fleet. All vehicles are inspected daily by their drivers before operation, and any issues

are noted at the conclusion of their shift. Every vehicle in the fleet is also inspected bi-weekly by maintenance personnel. The electric fleet is subject to three-month, six-month, and twelve-month PMI inspections. The diesel fleet is inspected every 8,000 miles, which averages every two to three months in a given vehicle's operation. At this interval, all key filters, fluids and lubricants are checked and/or replaced, and any vehicle defects noted during the daily or bi-weekly inspections are repaired. Maintenance schedules are also maintained (by vehicle type and make) for each component of the fleet showing intervals for jobs ranging from sampling engine oil every 8,000 miles to checking rear wheel bearings and seals every 240,000 miles.

A vehicle history is kept on each fleet vehicle in the Vehicle Maintenance System. This system allows management to track fleet repair and cost information. Included in the system is a separate record for the PMI inspections. A report is produced that contains for each vehicle the mileage reading at the last inspection, the current reading, and miles remaining before the next inspection.

Most vehicle maintenance is done in-house. Only engine, transmission, and electric motor rebuilds and items under warranty are contracted out. During the audit period, safety inspections, fueling and vehicle cleaning were all moved to the enlarged Cota facility.

Marketing

MTD has a small marketing department with broad responsibilities. The Manager of Marketing oversees a staff of five. Marketing works to heighten public awareness of MTD as a transportation resource, and focuses on promotional marketing of particular lines and services. It is also has primary responsibility for bus stops and for all community outreach including liaison with local government on development review. Marketing works through a variety of media including print, radio, TV, and the web.

This is an effective department, covering a wide scope of work with a few employees. Yet, through creativity and imagination, and strategic use of outside consultants, they are able to market MTD in new and effective ways.

During the audit period, the importance of marketing to both riders and non-riders was heightened by the small ridership decline. The department responded with several strategies to increase community knowledge of MTD, both generally and targeted to specific rider groups.

General Marketing

In March 2002, Davies Communications conducted a Perception Study for MTD, with the goal "to uncover MTD brand perception and awareness, measure effectiveness of past communication and identify most effective messages for the future". The study found that while there is a high awareness of MTD, it is not perceived by many to be convenient or

accessible. The study recommended targeted messages to likely rider groups as well as more general “brand awareness” efforts in the media.

One direct outcome of the study was an effort to make the bus maps more comprehensible to riders. Through an effort started during the audit period, the MTD has designed a map based on the look of the well-known London Underground “Tube” maps. This generalized but highly legible map was released as a pocket map in 2004, and is also being used at bus stops and in other media.

MTD produces an annual route guide, with schedule and fare information. This “bus book” guide is free and available to the general public at MTD. MTD prints 130,000 copies, and the guide is distributed to government, community service, education, and tourist sites around the region by a private vendor. There are currently 67 recipients on the list, and they receive a set number of bus books on a weekly, monthly, quarterly, or yearly basis based on their demand. In addition, shuttle card schedules are distributed to smaller number of tourist and commercial establishments in downtown Santa Barbara and Carpinteria.

In addition to printed resources, all information is available on the web at sbmtd.gov. MTD’s website was completely redesigned in 2001, and in addition to route, schedule and fare information, it also includes helpful information on using MTD, recent news, and information on MTD governance including meeting announcements and past minutes. Website visitors can sign up for “my mtd” and receive regular service updates via email. They can also comment on MTD services.

During the audit period, MTD scaled back its investment in general marketing via TV, radio and print out of concern for expense. Instead, the department has focused on pitching stories through press releases and hosting press conferences and media events. MTD has had good success in gaining free media coverage in this way.

Targeted Marketing

During the audit period, the marketing department concentrated efforts on new service and on lines that were not meeting ridership goals, as defined in the Planning Department’s annual route analysis. For poorly performing lines, enhanced marketing is sometimes considered as a final step before route restructuring is considered. For both new and poorly performing lines, marketing used targeted mail techniques to geographic areas likely to use the service. These postcard mailings highlighted destinations accessible on the route. In some instances, marketing was able to arrange a promotional offer from a commercial establishment available if the targeted customer used the bus and turned in the postcard to the driver.

In addition to these targeted efforts, any service changes are communicated to the public through rider newsletters, transit cards and flyers on buses, public meetings, press releases, print ads and on the MTD website.

MTD published a Bus Riding Guide specifically with seniors and the disabled in mind in July 2001. The 35-page booklet is printed in large type, and answers 34 frequently asked questions (“FAQs”) about MTD service. This booklet is distributed directly to senior service organizations, through the transit center, and at other public venues.

The department developed a PowerPoint presentation that they take to senior centers, large employers, and any other venue that requests it. The presentation introduces MTD and answers many questions riders may have about how to use the service.

MTD markets individual services through distinctive bus designs, such as the “Wharf Woody”, an electric shuttle that is painted to resemble a surfer station wagon, complete with surfboards on top. This service shuttles patrons (mainly tourists) from Palm Park to Stearns Wharf. The District is similarly creative in using wraps and decorations on other lines, particularly those targeting visitors and infrequent users.

Bus Stops

Bus stops are a part of the Marketing Department’s responsibility. As an outcome of the Perception Study, MTD decided to include more information on bus stops. This information seeks to make the service more accessible to the new or infrequent user through enhanced map graphics that include the number of minutes to specific destinations on the route. In addition to information, bus stop redesign includes distinctive new bus stop poles, and some benches with anti-graffiti coating. This bus stop redesign effort, planned during the audit period, is currently being implemented on a line-by-line basis, with roll out along the State-Hollister corridor.

MTD was able to complete agreements with the cities, the County and trash hauling companies to empty the trash at bus stops at no charge to MTD. This is a significant money-saving accomplishment because MTD has only one person tasked to maintain 851 bus stops.

Community Development

During the audit period, Marketing and Planning took on an enhanced role in review of new development proposals through the development review and EIR process. Understanding that land use patterns are predictors of future transit usage, MTD comments on large-scale projects and works to ensure that they are transit-oriented in their design. MTD participates not only on bus stop placement, but also on efforts to organize development to make transit work through appropriate location of density and good street and walkway design.

Planning

The Planning Department is responsible for planning, internal ridership reporting, service analysis, route performance monitoring, and preparation of planning documents, passenger facilities, ADA certifications, and liaison with local and regional planning efforts.

During the audit period, the department experienced significant turnover. The current manager is the fourth in three years, and although he was an employee of the District during the audit period, he was not in the manager role at that time. During the audit period several long-range planning efforts were delayed, most notably the completion of the Short Range Transit Plan, which was last updated in 1997. Quarterly reporting to the board on planning and performance issues was also sporadic. However, despite the turnover, which has had an impact on departmental productivity, core annual planning processes was completed in a timely fashion, and several new initiatives were undertaken.

Accomplishments during the period include:

- Completion of Service Planning and Evaluation Policy (February 2002)
- Completion of Downtown Santa Barbara Transit Plan (Draft June 2003)
- Annual Service Evaluation Report and Route Analysis Report (2001, 2002, 2003)
- Initial implementation of South Coast Transit Plan, in coordination with SBCAG and local governments (Crosstown, Mesa, Goleta, and Carpinteria routes)
- Coordination with local governments on general and specific plans
- Implementation of ADA plans
- Successful federal grant applications and applications for CMAQ funding through the FTIP.

Planning Process

The Service Planning and Evaluation Policy establishes standards for planning new service and evaluating the effectiveness of both new and existing services on an on-going basis. It supplies the Board of Directors with information needed to establish priorities. The document summarizes the process the District follows in planning, scheduling, and evaluating and promoting its services. It also establishes numerical ridership and economic return standards for local, express, and shuttle services. This policy is intended to respond, in part, to the recommendation of the last audit that “MTD should develop a simplified system of goals and objectives that can be used for regular performance monitoring”. The Policy was officially implemented in 2002, although many of the planning standards were already in use in the department’s annual planning process.

The Service Evaluation Report identifies all routes that are in the fourth quartile (least productive) for either ridership/hour or trip, or subsidy/rider in the three classes of service: trunk and local, express, and shuttle. The report states the planning status of each line. This

report is followed by the Route Analysis Report, which includes an evaluation of the entire MTD system as well as a line-by-line analysis of ridership, passengers per hour, passengers per mile and other route performance measures. The auditor reviewed reports for each year, and finds that they summarize performance in a clear manner, and provide good guidance for policy makers in accepting or rejecting staff recommendations on route additions, restructuring or elimination.

Short Range Transportation Plan

The current Short Range Transportation Plan covers the Fiscal Years 1996–97 to 2000–01, and was therefore out of date for much of the audit period. The department commenced work on an update in FY 2000–01, but due to staff turnover and a priority focus on implementing the South Coast Transit Plan, work was not completed during the audit period. Staff stated that they have refocused on completing the plan, and expect to submit it to the Board for approval in September 2004. The auditor reviewed the draft SRTP for FY 2003–07, and confirmed that it is largely complete.

Planning for ADA Compliance

The Americans with Disabilities Act (1990) is civil rights legislation that among other things requires fixed route transit operators such as MTD to provide paratransit service for ADA eligible individuals that is comparable to the fixed route service. MTD plans and budgets need to include necessary funding and/or service modifications to ensure that comparable paratransit is provided. To be deemed as comparable service, the paratransit service must be provided in areas within three-quarters of a mile of an operator's fixed routes, and be provided during the same hours as the fixed routes, and without capacity constraints or trip purpose restrictions. ADA's paratransit regulations specify that the required paratransit service be provided to all those who meet the eligibility criteria defined in the ADA, as determined through a strict eligibility process. Within MTD's service area, Easy Lift Transportation provides the required paratransit service, under a Memorandum of Agreement with MTD dated 9/23/92.

Testimony at the 1999 and 2000 Unmet Transit Needs Hearings provided by the South Coast Transit Advisory Council and other organizations and individuals flagged two areas of non-compliance with the ADA paratransit requirements. The first area of non-compliance related to the comparable hours of service provision of the ADA in the City of Carpinteria. A second area of non-compliance related to the non-provision of comparable paratransit service along MTD's Line 20 corridor between the cities of Carpinteria and Santa Barbara. A third area of concern was that Easy Lift experienced capacity constraints which resulted in service denials throughout its service area, of up to 10%, despite the prohibition of capacity constraints according to ADA regulations.

During the audit period MTD negotiated an addendum to its agreement with Easy Lift to remedy these two areas of non-compliance and remedy the service denial problem. In March 2003, MTD signed a written contract with Easy Lift, effective through June 30, 2007, which provides for an annual subsidy of \$259,673 to support paratransit service, with

adjustments if the amount of paratransit service requested by MTD increases. MTD also entered into a separate agreement with Easy Lift, in September 2003 (just beyond the audit period) to cover the costs of service to Carpinteria. This agreement provides \$88,000 per year until October 2005. MTD acknowledges its responsibility to provide this service, and also that it would be more expensive to provide it directly than to pay Easy Lift to perform the service.

MTD now appears to be in compliance with its ADA requirements for complementary paratransit service. Easy Lift, with MTD's financial assistance, is now providing complementary service in Carpinteria, and the trip denial rate has dropped to zero as of June 2003. MTD planning staff now works closely with Easy Lift staff to ensure that all performance goals are met. MTD monitors Easy Lift's performance through monthly reporting on service statistics and a quarterly financial report. Easy Lift personnel are also included in the MTD random draw for alcohol and drug testing.

Prior Audit Recommendations

Nelson Nygaard conducted the prior TDA performance audit in 2000. It contained two recommendations. As part of the current audit, the status of these recommendations has been reviewed. The recommendations are listed, followed by the rationale for making the recommendation and a discussion of the current status of the recommendation.

Recommendation #1: MTD should work with Easy Lift Transportation and take immediate steps to resolve concerns about compliance with the paratransit provisions of the Americans with Disabilities Act.

Prior Auditor Rationale

MTD was in violation of the Americans with Disabilities Act during the previous audit period. It did not provide matching transit service in Carpinteria and between Carpinteria and Santa Barbara. It also denied service to patrons due to capacity constraints. MTD was therefore required legally to correct this deficiency.

Current Status

MTD worked with Easy Lift Transportation to correct the deficiencies noted above, and is in compliance with the law. MTD and Easy Lift entered into two agreements which ensure adequate funding to provide legally mandated service for the next several years, at which point the agreements will be re-evaluated. MTD acknowledges its responsibility to provide this service, either directly or through subsidy of another provider.

Recommendation #2: MTD should develop a simplified system of goals and objectives that can be used for regular performance monitoring.

Prior Auditor Rationale

The 1996 SRTP included an extensive list of goals and objectives. MTD staff determined that regular reporting based on these criteria would take excessive effort. The auditor stated that the operator should have defined measures for tracking its performance and setting targets, and to report regularly on performance using these measures.

Current Status

In February 2002 MTD adopted its Service Planning and Evaluation Policy. This policy formalized the service planning policy established in the annual service and route evaluations, and stated additional performance standards for route and service planning. This evaluation is to be reported to the board on an annual basis, with recommendations for route restructuring as needed.

MTD's policies have addressed the most critical issue of service standards, which is commendable. However, MTD does not appear to use, or report on, service standards for issues such as personnel productivity or vehicular maintenance costs, for instance. The auditor believes that it would be very helpful for MTD and its board to have standards and targets for the productivity not just for each bus line, but also for the productivity of the system's administration, maintenance, and operations.

To: Chair Britton
Members of the Board of Directors
From: Sherrie Fisher, General Manager
Date: 7/15/2004
Subject: Administrative Update

Planning has completed the details of **fall schedule changes** and working on the driver run cut. This process included significant public and employee input resulting in creative solutions for fall service changes with a reduction in hours. Congratulations to Steve Maas and his team, Kenn Glenn and Rachel Grossman.

The Marketing team of Lynnette Coverly and Nick Dinapoli is creating **the bus book**, service flyers targeted at passengers and changes to bus stop information. This effort is on target with deadlines that bring information to the public in adequate time for fall changes.

The book should be on press the first week of August. Lynnette and Nick were able to save 8 pages in the guide, which was critical because the price for the larger 108 pg guide had gone up about 7%. With the smaller 96 page guide, MTD we will be able to maintain our print quantity and budget. .

Due to aggressive/pro-active sales efforts by Lynnette Coverly, Manager of Marketing **bus advertising** has increased from last fiscal year. Diesel exteriors are up 1.8%; diesel interior sales are up 9% and shuttle advertising and diesel interior sales are up 23% from 2003.

MTD Staff presented information regarding the **Santa Ynez Valley Express service** at a Solvang City Council meeting Monday evening. Approximately 15 potential passengers attended this meeting (representing UCSB, Raytheon and County of SB). Mayor David Smyzer and the Solvang City Council were generous in offering time and space for this presentation. Marketing continues to correspond by e-mail with other potential passengers doing Individualized Marketing. MTD staff are coordinating with Traffic Solutions to assure the best service possible for Valley commuters. Surveys from the County employees are still trickling in.

MTD continues the **School Outreach Program**. Staff members will attend all local junior high and high school registrations (late August and early Sept), distributing bus information, particularly the Line 19s. Outreach over the summer includes Safety Town program that teaches general and bus safety to 5-6 year olds. (Drivers Nancy Vargas, Ronnie Shahbazian, Eddie Cervantes and Jose Gomez are excellent at these presentation.)

MTD, SBPD, and SB Co. Sheriffs will be meeting to discuss the possibility of a standing program to help MTD with **passenger behavior problems**. Program

would likely include "plain clothes ridealongs, etc." At this time neither department has approval to implement a standing program, but we are working towards that goal.

The new **shelter on Milpas Street** (in front of Trader Joe's) is in place complete with updated benches. A plaque thanking other parties is in process. Paul Tumbleson is putting together plans for further renewal of bus benches starting at Arrellaga on State Street.

The threat of a **property tax shift** by the State of California for 2-years is still bogged down in negotiations. Jerry Estrada discussed the matter with the CTA executive director and was informed that Special Districts Association (SDA) is representing transit operators like MTD. Currently the cities, counties and SDA each have two representatives working with legislative representatives and the Governor's office. MTD may want to consider joining the SDA to enhance its representation.

The **fuel contract** should be finalized by the week of the 19th. BP West is reviewing MTD's standard fuel contract and should sign off this week.

The **annual financial audit** has begun. The auditors are monitoring the annual inventory count and have requested specific documents.

MTD has requested $\frac{3}{4}$ of its FY 03-04 **Federal Operating Assistance** (approximately \$2,000,000) and anticipates receipt this week. The remaining \$700,000 may not be available until November. The delay related to the reauthorization of TEA-21.

MTD provided the California Transportation Commission with an update of its **TCRP project** (GPS - Passenger Information). MTD stated that if funding is restored that the procurement process could begin in January but that due to financial reasons MTD's preference would be to change the scope of the project.

Payment of the **five MCI buses** will take place this month.

MTD staff has been monitoring **SBCAG's procurement** for an operator to perform the Clean Air Express service. As the federal Grantee MTD is required to ensure that all federal requirements are being met.

MTD staff continues to work on the **Overpass site remediation**. Staff will schedule a Facilities Committee meeting to discuss specifics (federally owned

property etc.).

The new maintenance **software project** continues to progress well. The new planning software project has been delayed due to contract language review.

In the Accounting department, **cross training** between the two accounting assistants is mostly complete. During the next year, both individuals will be introduced to the responsibilities of the Manager of Accounting. Additionally, finance staff members will be introduced to all funding compliance requirements. This process may take two-years but it is intended to provide the District with a well trained a knowledgeable staff. Despite the loss of one employee (with the transfer of Jim Haggerty), the department has continued to function well (with compliments to Liz Hasch, Manager of Accounting.). This is a result of a successful cross training program and the ability of our Accounting Clerk (Diana Bautista) to take on additional responsibilities as well as Wendy Morris. Essentially, the position that was lost is the Accounting Clerk.

The **Triennial Audit** is included in your board packets. I am pleased to report that the findings are excellent. The two recommendations are already in process and will be completed by September.